

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

U.S. - U.K. ALLIANCE CASE

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Docket OST-2001-11029

**EMERGENCY JOINT MOTION FOR THE
PRODUCTION OF DOCUMENTS**

December 14, 2001

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Delta Air Lines, Inc., Northwest Airlines, Inc., and Continental Airlines, Inc. (collectively, the “Petitioners”) hereby file this emergency motion for the production of critical American/British Airways studies and documents. In support of this motion, the Petitioners state as follows:

1. According to press reports yesterday, five senior British Airways’ managers have completed a major strategic planning study commissioned by BA CEO Rod Eddington. The press reports indicate that the British Airways’ internal study recommendation options include the possibility of British Airways (i) abandoning all short-haul operations and/or (ii) entirely withdrawing from flight operations at London Gatwick. See, e.g. ATW Online.com report at Attachment A. The fact that British

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Airways is contemplating schedule changes of this magnitude has profound implications for the strategic direction of the proposed alliance.

2. This document – and any others like it -- are highly relevant to the consideration of the proposed American/British Airways alliance. They bear on key issues in this case including the critical importance of London Heathrow airport, the inability of service to Gatwick to discipline Heathrow service, and the lack of online network benefits of the proposed alliance. These highly relevant planning studies should be filed immediately in the *U.S.-U.K. Alliance Case*, so that the Department and interested parties can review the details of the BA plans that are under consideration and the underlying analyses. While the Petitioners acknowledge that it would be impracticable for the Department to postpone Monday's answer date on such short notice, at minimum interested parties should have the opportunity to file supplemental comments after they have had the opportunity to review and analyze the new material.

3. If it is true that British Airways may withdraw all of its short-haul services (including those at Heathrow), that completely undermines the Joint Applicants' purported justification for establishing a transatlantic alliance. It confirms what the Petitioners have been saying all along – that the alliance's real strategic purpose is not to provide network connectivity for U.S.-Europe transfer passengers, but rather to focus almost exclusively on capturing long-haul U.S.-London Heathrow gateway passengers. A decision by British Airways to withdraw all of its short-haul intra-European services would effectively eliminate the alleged network benefits of the

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American/British Airways alliance since there would be few, if any, connections to European cities beyond London.

4. By Order 2001-11-10, the Department put the Joint Applicants on notice that “the rule governing these applications clearly mandates that ‘the information provided by the applicant shall be updated in a timely fashion though the period of consideration of the application.’” (Quoting 14 C.F.R. 303.04). There is no question that these studies, prepared for British Airway’s top management and concerning the airline’s strategic plans and direction, are relevant and responsive to Department’s evidence request. They should be submitted immediately to the docket.

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Respectfully submitted,

/s/

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BA mulls dumping short-haul, withdrawing from Gatwick

Dateline: Thursday December 13, 2001

British Airways' internal review reportedly has some extreme options on the table, including abandoning short-haul operations and entirely withdrawing from BA's second base at London Gatwick.

The Future Size and Shape study, drawn up by five senior managers selected by BA CEO Rod Eddington, is analyzing how much more the airline needs to shrink to return to a profitable core. Foregoing short-haul flights--effectively turning the clock back some 30 years to before the merger of British Overseas Airways Corp. and British European Airways--is the most extreme of eight scenarios being studied, according to the Financial Times.

Pulling out of the heavily loss-making Gatwick base, which could add several thousand job cuts to the 7,200 already announced, and other radical options still are being scrutinized. The study also is reviewing the complexity of BA's present product offering, which comprises four service classes on its main long-haul routes. The results of the review are expected to be presented to BA's board in early Feb.

Separately, the airline denied rumors it is considering a £1 billion (\$1.4 billion) rights offering to bolster its highly leveraged balance sheet. Its last rights issue was in May 1993.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Joint Motion has been served this 14th day of December 2001, upon each of the following persons in accordance with the Department's rules.

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